

## Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 23803 282007Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AGR-01 AID-05 CEA-01 CIAE-00  
COME-00 EB-08 EA-10 FRB-03 INR-10 IO-13 NEA-10  
NSAE-00 ICA-11 OPIC-03 SP-02 TRSE-00 LAB-04  
SIL-01 OMB-01 SS-15 STR-07 INT-05 /123 W  
-----001472 291506Z /46

R 281959Z JUL 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 5448  
INFO AMEMBASSY LUXEMBOURG  
AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE PARIS 23803

USOECD

USEEC ALSO FOR EMBASSY

E.O. 11652: N/A  
TAGS: OECD, ECON, LU  
SUBJECT: ECONOMIC AND DEVELOPMENT REVIEW COMMITTEE  
(EDRC): REVIEW OF LUXEMBOURG, JULY 10, 1978

REF: (A) EDR(78)17; (B) PARIS 21279; (C) STATE 172442

1. LUXEMBOURG DELEGATION (HEAD BY KIRSCH, FINANCE)  
AGREED WITH SECRETARIAT FORECASTS, BUT FELT DRAFT SUR-  
VEY SHOULD HAVE PAID MORE ATTENTION TO GOVERNMENT'S  
SOCIAL POLICY AND TO PROBLEMS IN STEEL INDUSTRY. SLIGHT  
EXPORT RECOVERY IN 1978 ATTRIBUTED DIRECTLY OR INDIR-  
ECTLY (VIA SPECULATIVE STOCK BUILDING) TO EC PROGRAM TO  
SUPPORT STEEL PRICES. WITH REGARD TO RESTRUCTURING IN  
STEEL, KIRSCH SUGGESTED THAT SECRETARIAT'S COST COMPARI-  
SONS WITH NEWLY INDUSTRIALIZING PRODUCERS WERE INAPPRO-  
PRIATE SINCE LUXEMBOURG EXPORTS VIRTUALLY ENTIRELY TO  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 23803 282007Z

EUROPEAN NEIGHBORS, THUS CORRECT COMPARISON WOULD BE  
WITH COST STRUCTURE OF OTHER EUROPEAN PRODUCERS. (MIS-  
SION COMMENT: THIS CONTENTION SEEMS TO SUGGEST A MORE  
PARTITIONED CONCEPT OF WORLD STEEL MARKET THAN WE HAVE;  
OR ELSE AN ASSUMPTION THAT EUROPEAN MARKET WILL BE PRO-  
GRESSIVELY PROTECTED SO THAT ONLY EUROPEAN COSTS MATTER.)

2. GOL MACRO POLICY, IN CONTEXT OF OECD-WIDE CONCERTED ACTION, WILL SEEK TO EXPAND DOMESTIC DEMAND THROUGH INCREASED SOCIAL TRANSFERS AND INVESTMENT. SOCIAL PROGRAMS ARE DESIGNED TO REDUCE PRESSURE ON LABOR MARKET FROM SUPPLY SIDE (PRE-PENSION SCHEME FOR STEEL INDUSTRY, PROHIBITION ON "SECOND JOBS" FOR PENSIONERS) AS WELL AS TO IMPROVE SUPPLY/DEMAND MIX THROUGH TRAINING PROGRAMS AND BONUS SCHEMES TO ENCOURAGE YOUTHS TO CHOOSE CAREERS IN LABOR SHORTAGE AREAS (E.G., AGRICULTURE, TOURISM). KIRSCH STRESSED THAT ALL MANPOWER PROGRAMS WOULD APPLY TO SERVICES, AS WELL AS INDUSTRIAL, SECTOR.

3. IN RESPONSE U.S. QUESTION, KIRSCH NOTED THAT SNCI HAD ONLY BEGUN OPERATIONS IN JANUARY, 1978, THUS NO MEANINGFUL RECORD WAS AVAILABLE OF ACTIVITIES. FOR FIRST QUARTER 1978, HOWEVER, INVESTMENTS AMOUNTING TO BF400 MILLION HAD BEEN PROCESSED, HALF IN STEEL, RESTRUC- TURING, HALF IN "OTHER SECTORS."  
KATZ

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC DEVELOPMENT, COMMITTEES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978PARIS23803  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780312-0038  
**Format:** TEL  
**From:** PARIS USOECD  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t1978079/aaaaahmv.tel  
**Line Count:** 81  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 455c827a-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 PARIS 21279, 78 STATE 172442  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2100200  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ECONOMIC AND DEVELOPMENT REVIEW COMMITTEE (EDRC): REVIEW OF LUXEMBOURG, JULY 10, 1978  
**TAGS:** ECON, LU, OECD  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/455c827a-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014